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LAWS, STATUTES, ETC.

INSURANCE LAW

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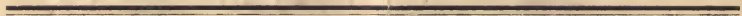






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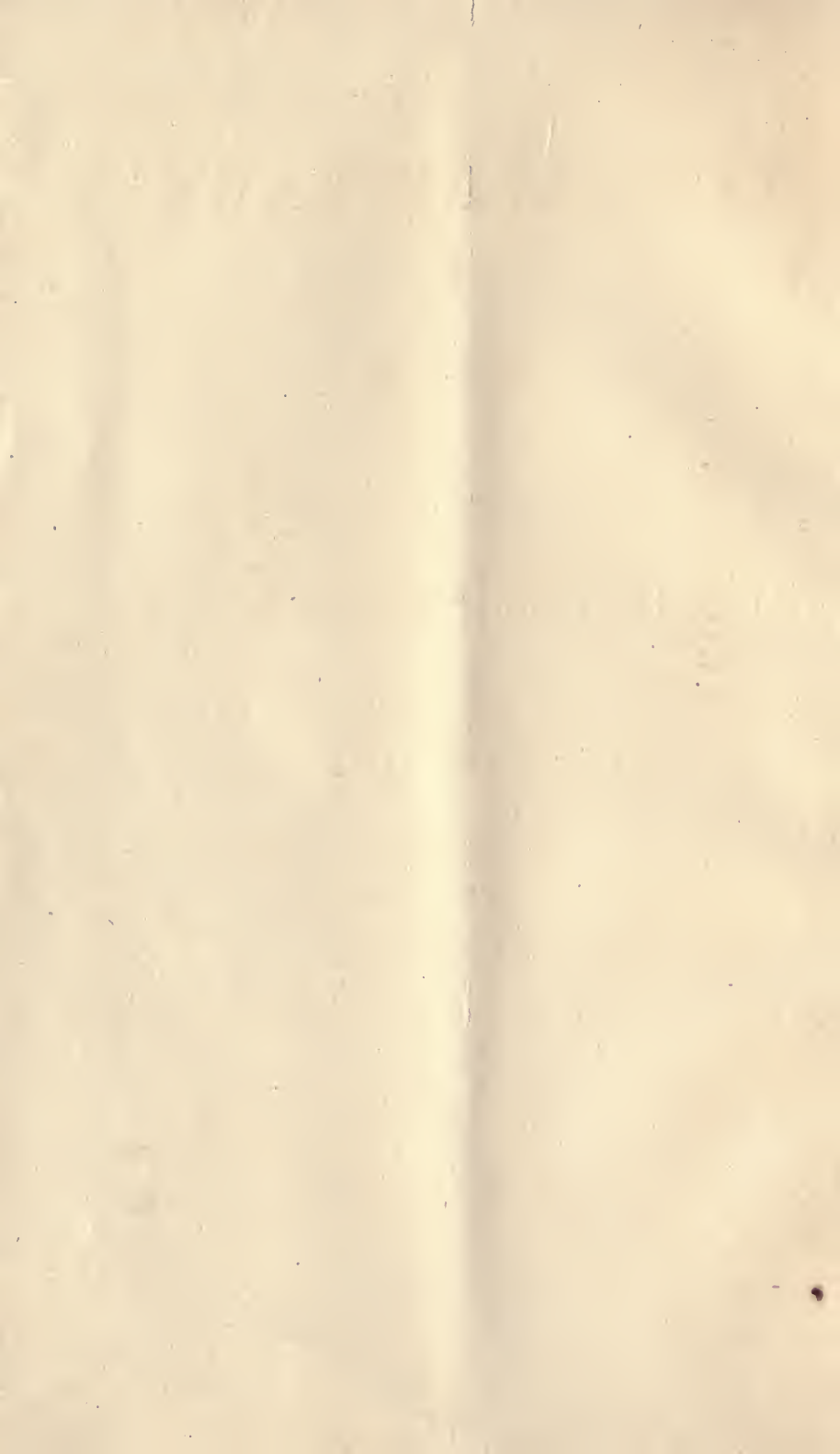
INSURANCE LAWS

OF

CALIFORNIA.

1874.







*California. Laws, Statutes, etc*

# INSURANCE LAWS

OF THE

STATE OF CALIFORNIA,

A COMPILATION OF THE STATUTES OF THE STATE AND THE ORDINANCES OF THE CITY OF SAN FRANCISCO, RELATING TO INSURANCE CORPORATIONS AND THEIR BUSINESS IN THIS STATE, IN FORCE AT THE DATE HEREOF.

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Compiled under the supervision of

J. W. FOARD, Insurance Commissioner,

SAN FRANCISCO, CAL., JULY 15TH, 1874.

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SAN FRANCISCO:

BACON & COMPANY, PRINTERS, CORNER CLAY AND SANSOME STREETS.

1874.



## Preface.

This compilation of the Statutes of California and Ordinances of the City of San Francisco, relating to Insurance Corporations and their business in this State, is intended as a summary of the laws in force at the date hereof, touching such matters; the several amendments and additions made at the last session of the Legislature being placed in their regular order, following the amended Sections respectively, as shown in the original Codes.

In Sections 3607 to 3896 of the Political Code, the Legislature has devised a comprehensive revenue scheme; and as no mention is made therein of "tax on premiums," or "stamp duties," those taxes, as existing at the date of the passage of the Code—March 12th, 1872—must be considered to have been abrogated by Section 18 of said Code, as shown at page 21 of this volume: thus leaving the business of Insurance entirely free from taxation, in so far as State laws are concerned.

The attention of parties interested is directed to "An Act in relation to Foreign Corporations," at page 53.

The amendments and additions made to the Insurance

Laws, at the last session of our Legislature, will be found as follows :

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# THE CIVIL CODE

OF THE

STATE OF CALIFORNIA.

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## AN ACT TO ESTABLISH A CIVIL CODE.

APPROVED MARCH 21ST, 1872.

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### TITLE OF THE ACT.

SECTION 1. This Act shall be known as THE CIVIL CODE OF THE STATE OF CALIFORNIA, \* \* \*

Title and Divisions of this Act.

SEC. 2. This Code takes effect at twelve o'clock noon, on the first day of January, eighteen hundred and seventy-three.

When this Code takes effect.

SEC. 3. No part of it is retroactive, unless expressly so declared.

Not retroactive.

SEC. 4. The rule of the common law that statutes in derogation thereof are to be strictly construed, has no application to this Code. The Code establishes the law of this State respecting the subjects to which it relates, and its provisions are to be liberally construed with a view to effect its objects and to promote justice.

Rules of construction

Provisions  
similar to  
existing  
laws, how  
construed.

SEC. 5. The provisions of this Code, so far as they are substantially the same as existing statutes or the common law, must be construed as continuations thereof, and not as new enactments.

Actions, etc.,  
not affected.

SEC. 6. No action or proceeding commenced before this Code takes effect, and no right accrued, is affected by its provisions.

Effect of  
repeal.

SEC. 20. No statute, law, or rule is continued in force because it is consistent with the provisions of this Code on the same subject; but in all cases provided for by this Code, all statutes, laws, and rules heretofore in force in this State, whether consistent or not with the provisions of this Code, unless expressly continued in force by it, are repealed or abrogated.

This Act,  
how cited.

SEC. 21. This Act whenever cited, enumerated, referred to, or amended, may be designated simply as "THE CIVIL CODE," adding, when necessary, the number of the section.

# PART IV.

## TITLE II.

### INSURANCE CORPORATIONS.

CHAPTER I. *General Provisions.*

II. *Fire and Marine Insurance Corporations.*

III. *Mutual Life, Health, and Accident Insurance Corporations.*

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### CHAPTER I.

#### GENERAL PROVISIONS.

- SECTION 414. Subscriptions to capital stock opened, and how collected.
- 415. Purchase and conveyance of real estate.
  - 416. Policies, how issued and by whom signed.
  - 417. Dividends, of what and when declared.
  - 418. Directors liable for loss on insurance in certain cases.
  - 419. Capital to be at least one hundred thousand dollars.

SECTION 414. After the Secretary of State issues the certificate of incorporation, as provided in Article I, Chapter I, Title I, of this Part, the Directors named in the articles of incorporation must proceed in the manner specified, or in their by-laws, or if none, then in such manner as they may by order adopt, to open books of subscription to the capital stock then unsubscribed, and to secure subscriptions to the full amount of the fixed capital; to levy assessments and installments thereon, and to collect the same, as in Chapter II of Title I provided.

Subscriptions to capital stock opened, and how collected.

Purchase  
and convey-  
ance of real  
estate.

SEC. 415. No insurance corporation must purchase, hold, or convey real estate, except as hereinafter set forth, to wit :

1. Such as is requisite for its accommodation in the convenient transaction of its business, not exceeding in value one hundred and fifty thousand dollars ;

2. Such as is conveyed to it, or to any person for it, by way of mortgage or in trust, or otherwise, to secure or provide for the payment of loans previously contracted, or for moneys due ;

3. Such as is purchased at sales upon deeds of trust or judgments obtained or made for such loans or debts ;

4. Such as is conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

All such real estate so acquired, which is not requisite for the accommodation of such corporation in the transaction of its business, must be sold and disposed of within five years after such corporation acquired title to the same. No such real estate must be held for a longer period than five years, unless the corporation first procures a certificate from the Insurance Commissioner that the interest of the corporation will suffer materially by a forced sale of such real estate, in which event the time for the sale may be extended to such time as the Insurance Commissioner directs in the certificate.

Policies,  
how issued  
and by  
whom  
signed.

SEC. 416. All policies made by insurance corporations must be subscribed by the President or Vice-President, or in case of the death, absence, or disability of those officers, by any two of the Directors, and countersigned by the Secretary of the corporation. All such policies are as binding and obligatory upon the corporation as if executed over the corporate seal.

Dividends,  
of what  
and when  
declared.

SEC. 417. The directors of every insurance corporation, at such times as their by-laws provide, must make, declare, and pay to the stockholders dividends of so much of the net profits of the corporate business and interest on capital invested as to them appears advisable ; but the moneys received and notes taken for premium on risks which are un-



determined and outstanding at the time of making the dividend must not be treated as profits, nor divided, except as provided in Chapter II of this title.

SEC. 418. If any insurance corporation is under liabilities for losses to any amount equal to its capital stock, and the President or Directors, after knowing the same, make any new or further insurance, the estates of all who make such insurance, or assent thereto, are severally and jointly liable for the amount of any loss which takes place under such insurance.

Directors  
liable for  
loss on  
insurance  
in certain  
cases.

SEC. 419. No company, corporation, or association shall hereafter be formed or organized under the laws of this State for the transaction of business in any kind of insurance, except on live stock, without a subscribed capital equal at least to one hundred thousand dollars in United States gold coin, twenty-five per cent. whereof must be paid in previous to the issue of any policy, and the remainder by monthly or quarterly installments within twelve months from the day of filing the certificate of incorporation. Nor must any individual or person be permitted to transact business as agent of any non-resident person or corporation, whether foreign or domestic, in any kind of insurance, except on live stock, unless such person or corporation possesses available cash assets, exclusive of stock notes, to the amount of at least one hundred thousand dollars in United States gold coin, over and above all liabilities.

Capital  
to be at  
least one  
hundred  
thousand  
dollars.

[Amended.]

SECTION 1. Section 419 of the Civil Code is hereby amended so as to read as follows:

SEC. 419. No company, corporation, or association, except mutual life, health, and accident corporations, shall hereafter be formed or organized, under the laws of this State, for the transaction of business in any kind of insurance, except on live stock, without a subscribed capital equal to at least two hundred thousand dollars in United States gold coin; twenty-five per cent. whereof must be paid in previous to the issuance

Insurance  
capital.

of any policy, and the residue by monthly or quarterly installments, within twelve months from the day of filing the certificate of incorporation. No individual, or person, or corporation, organized under the laws of any other State or country as a stock company, must transact any kind of insurance business in this State, except on live stock, unless such person or corporation has a paid up capital stock equal to at least two hundred thousand dollars in United States gold coin, and has available cash assets, exclusive of stock notes, equal to two hundred thousand dollars in such gold coin over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in Section 602 of the Political Code of this State. Nor must any individual or person, as agent of any person or corporation, organized under the laws of any other State or country as a mutual insurance company, transact any kind of insurance business in this State, except on live stock, unless such person or corporation possess available cash assets equal to at least two hundred thousand dollars in United States gold coin, over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in Section 602 of the Political Code of this State.

Approved March 30th, 1874.

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## CHAPTER II.

### FIRE AND MARINE INSURANCE CORPORATIONS.

- SECTION 424. Payment of subscriptions. Capital to be all paid in twelve months.
425. Certificate of capital stock paid up to be filed, and when.
426. Property which may be insured.
427. Funds may be invested, how.
428. Rate of risk.
429. Amounts to be reserved before making dividends.
430. Amounts to be reserved by companies with less than two hundred thousand dollars capital.

SEC. 424. The entire capital stock of every fire or marine insurance corporation must be paid up in cash within twelve months from the filing of the articles of incorporation, and no policy of insurance must be issued or

Payment  
of subscrip-  
tions. Cap-  
ital to be all  
paid in  
twelve  
months.

risk taken until twenty-five per cent of the whole capital stock is paid up.

SEC. 425. The President and a majority of the Directors must, within thirty days after the payment of the twenty-five per cent. of the capital stock, and also within thirty days after the payment of the last installment or assessment of the capital stock limited and fixed, prepare, subscribe, and swear to a certificate setting forth the amount of the fixed capital, and the amount thereof paid up at the times respectively in this section named, and file the same in the office of the County Clerk of the county where the principal place of business of the corporation is located, and a duplicate thereof, similarly executed, with the Insurance Commissioner.

Certificate of capital stock paid up to be filed, and when.

SEC. 426. Every corporation formed for fire or marine insurance, or both, may make insurance on all insurable interests within the scope of its articles of incorporation, and may cause itself to be reinsured.

Property which may be insured.

SEC. 427. Every fire and marine insurance corporation may, by its Board of Directors or as the by-laws direct, invest its funds in loans upon real or personal property, or in the purchase of stocks, bonds, or other securities, but no loan must be made on the stock of the corporation as security.

Funds may be invested, how.

[Amended.]

SEC. 81. Section 427 of said Code is amended to read as follows :

SEC. 427. Every fire and marine insurance corporation may, by its Board of Directors, or as the by-laws direct, invest its funds in loans upon real or personal property, or in the purchase of stocks, bonds, or other securities, but no loan must be made on the stock of the corporation, or on the notes or obligations of any of its stockholders.

Same.

Approved March 30th, 1874.

SEC. 428. Fire and marine insurance corporations, or either, must never take on any one risk, whether it is a marine insurance or an insurance against fire, a sum exceeding one tenth part of their capital actually paid in, without reinsuring the excess above one tenth.

Rate of risk.

[Amended.]

SEC. 81½. Section 428 of said Code is amended to read as follows :

Insurance,  
limit of one  
risk.

SEC. 428. Fire and marine insurance corporations must never take on any one risk, whether it is a marine insurance or an insurance against fire, a sum exceeding one tenth part of their capital actually paid in, and intact at the time of taking such risk, without reinsuring the excess above one tenth.

Approved March 30th, 1874.

Amounts to  
be reserved  
before mak-  
ing divi-  
dends.

SEC. 429. No corporation transacting fire or marine insurance business under the laws of this State, must make any dividends, except from profits remaining on hand after retaining unimpaired :

1. The entire subscribed capital stock ;
2. All the premiums received or receivable on outstanding marine or inland risks, except marine time risks ;
3. A fund equal to one half of the amount of all premiums on fire risks and marine time risks not terminated at the time of making such dividend ;
4. A sum sufficient to pay all losses reported or in course of settlement, and all liabilities for expenses and taxes.

Amounts to  
be reserved  
by compan-  
ies with less  
than two  
hundred  
thousand  
dollars  
capital.

SEC. 430. No fire or marine insurance corporation, with a subscribed capital of less than two hundred thousand dollars, must declare any dividends, except from profits remaining on hand after reserving :

1. A sum necessary to form, with the subscribed capital stock, the aggregate sum of two hundred thousand dollars ;
2. All the premiums received or receivable on outstanding marine or inland risks, except marine time risks ;
3. A fund equal to one half the amount of all premiums on fire risks and marine time risks not terminated at the time of making such dividend ;
4. A sum sufficient to pay all losses reported or in course of settlement, and all liabilities for expenses and taxes.

## CHAPTER III.

## MUTUAL LIFE, HEALTH, AND ACCIDENT INSURANCE CORPORATIONS.

- SECTION 437. Capital Stock. Guarantee Fund.
438. Of what Guarantee Fund shall consist.
439. What constitutes, and deficiency in fixed capital.
440. Declaration of fixed capital to be filed.
441. Guarantee notes and interest, how disposed of.
442. Insured to be entitled to vote, when.
443. Number of directors may be altered, how.
444. May invest in what securities.
445. Limitations to the holding of stock and in other particulars may be provided for in by laws.
446. Premiums, how payable.
447. Corporations to furnish Insurance Commissioner with valuation of policies outstanding, when. How estimated.
448. No stamp required on accident insurance contract.
449. Retaliatory clause.
450. Policies issued within this State to contain notice that they were so issued.
451. Cancellation and payment.

SEC. 437. Every corporation formed for the purpose of mutual insurance on the lives or health of persons, or against accidents to persons for life or any fixed period of time, or to purchase and sell annuities, must have a capital stock of not less than one hundred thousand dollars. It must not make any insurance upon any risk or transact any other business as a corporation until its capital stock is fully paid up in cash, nor until it has also obtained a Fund, to be known as a "Guarantee Fund," of not less than two hundred and fifty thousand dollars, as is hereinafter provided. If more than the requisite amount is subscribed, the stock must be distributed pro rata among the subscribers. Any subscription may be rejected by the Board of Directors or the committee thereof, either as to the whole or any part thereof, and must be, so far as rejected, without effect.

Capital  
stock.

Guarantee  
Fund.

SEC. 438. The Guarantee Fund mentioned in the preceding section must consist of the promissory notes of solvent parties, approved by the Board of Directors and by each other, payable to the corporation or its order, and at such times, in such modes, and in such sums, with or without in-

Of what  
Guarantee  
Fund shall  
consist.

terest, and conformable in all other respects to such requirements as the Board of Directors prescribe ; but the amount of the notes given by any one person must not exceed in the whole the sum of five thousand dollars, exclusive of interest. Such notes must be payable absolutely and at the option of the corporation ; they must be negotiable, and may be indorsed and transferred, or converted into cash, or otherwise dealt with by the corporation, at its discretion, without reference to any contingency of losses or expenses. Such notes, or the proceeds thereof, must remain with the corporation as a fund for the better security of persons dealing with it, and constitute the assets of the corporation, liable for all its debts, obligations, and indebtedness, next after its assets from premiums and other sources, exclusive of capital stock, until the net earnings, over and above its expenses, losses, and liabilities, shall have accumulated in cash, or securities in which the net earnings have been invested, to a sum which, with the capital stock, is equal to the aggregate of the original amounts of the Guarantee Fund and of the capital stock.

What constitutes, and deficiency in fixed capital.

SEC. 439. The sum accumulated as provided in the preceding section, together with the capital stock, shall become and remain the fixed capital of the corporation, not subject to division among the stockholders or parties dealing with it, or to be expended in any manner otherwise than may be required in payment of the corporation's debts and actual expenses, until the business of the corporation is closed, its debts paid, and its outstanding policies and obligations of every kind cancelled or provided for ; and if from any cause a deficiency at any time occurs in such fixed capital, no further division of profits must take place until such deficiency has been made up.

Declaration of fixed capital to be filed.

SEC. 440. Whenever the fixed capital of the corporation is obtained as hereinbefore provided, the President of the corporation and its Actuary, or its Secretary, if there

is no Actuary, must make a declaration in writing, sworn to before some Notary Public, of the amount of such fixed capital, and of the particular kinds of property composing the same, with the nature and amount of each kind, which must be filed with the original articles of incorporation, and a copy, certified by the County Clerk, must be published for at least four successive weeks in a newspaper published in the county where the principal business of the corporation is situated. Upon the filing of such declaration the Guarantee Fund is discharged of its obligations, and all notes of the Fund remaining in the control of the corporation, and not affected by any lien thereon, or claim of that nature, must be surrendered by it to the makers thereof, respectively, or other parties entitled to receive the same.

SEC. 441. Until the Guarantee Fund is discharged from its obligations, as provided in the preceding section, no note must be drawn from the Fund, unless another note of equal solvency is substituted therefor, with the unanimous approval of the Board of Directors then in office, and of all other parties liable on the rest of the notes comprising the Guarantee Fund. The corporation must allow a commission of five per cent. per annum on all such guarantee notes while outstanding, and also interest on all moneys paid on such notes by the parties liable thereon, at the rate of twelve per cent. per annum, payable half yearly until repaid by the corporation. But such rate of interest may, from time to time, at intervals of not less than one year, be increased or reduced by the Board of Directors, so as to conform to the then current rates of interest.

Guarantee notes and interest, how disposed of.

[Amended.]

SEC. 82. Section 441 of said Code is amended to read as follows: Same.

SEC. 441. Until the Guarantee Fund is discharged from its obligations, as provided in the preceding section, no note must be withdrawn from the Fund, unless another note of

equal solvency is substituted therefor, with the approval of the Board of Directors. The corporation must allow a commission, not exceeding five per cent. per annum, on all such guarantee notes while outstanding, and also interest on all moneys paid on such notes by the parties liable thereon, at the rate of twelve per cent. per annum, payable half yearly, until repaid by the corporation, unless the current rate of interest is different from this amount, in which case the rate payable may, from time to time, at intervals of not less than one year, be increased or reduced by the Board of Directors, so as to conform to the current rate.

Approved March 30th, 1874.

Insured to be entitled to vote, when.

SEC. 442. After the filing of the declaration of the fixed capital, as in this article provided, the holders of policies of life insurance for the term of life, on which the premiums are not in default, may vote at the election of Directors, and have one vote for each one thousand dollars insured by their policies, respectively.

Number of Directors may be altered, how.

SEC. 443. The number of Directors specified in the articles of incorporation may be altered from time to time during the existence of the corporation by resolution, at the annual meeting of a majority of those entitled to vote at the election of Directors, but the number must never be reduced below five.

May invest in what securities.

SEC. 444. Life, health, and accident insurance corporations may invest their capital stock as follows:

1. In loans upon unincumbered and improved real estate within the State of California, which shall be worth at the time of the investment at least fifty per cent. more than the sum loaned;

2. In the purchase of or loans upon interest-bearing stocks, bonds, and other securities of the United States, and of the States thereof;

3. In the purchase of or loans upon interest-bearing bonds of any incorporated city, or city and county, in the State of California;



4. In the purchase of or loans upon any stocks of companies and corporations formed under the laws of this State, except mining stocks, which shall have, at the time of the investment, a value, in the City and County of San Francisco, of not less than sixty per cent. of their par value, and shall be rated as first class securities.

But no loans shall be made on any securities specified in Subdivisions 2, 3, and 4 of this Section, in any amount beyond sixty per cent. of the market value of the securities, nor shall any loan be made on the stock of the corporation making the loan.

[Amended.]

SEC. 83. Section 444 of said Code is amended to read as follows:

SEC. 444. Life, health, and accident insurance corporations may invest their capital stock as follows:

Investment  
of capital  
stock.

One—In loans upon unincumbered and improved real property within the State of California, which shall be worth at the time of the investment at least forty per cent. more than the sum loaned.

Two—In the purchase of or loans upon interest-bearing bonds, and other securities of the United States and of the State of California.

Three—In the purchase of or loans upon interest-bearing bonds of any of the other States of the Union, or of any county, or incorporated city, or city and county, in the State of California.

Four—In the purchase of loans upon any stocks of corporations formed under the laws of this State, except of mining corporations, which shall have, at the time of the investment, a value, in the City and County of San Francisco, of not less than sixty per cent. of their par value, and shall be rated as first-class securities; but no loans shall be made on any securities specified in subdivisions three and four of this section, in any amount beyond sixty per cent. of the market value of the securities, nor shall any loan be made on the stock of the corporation, or notes or other obligations of its corporators.

Approved March 30th, 1874.

Limitations to the holding of stock, and in other particulars, may be provided for in by-laws.

SEC. 445. The corporation may, by its by-laws, limit the number of shares which may be held by any one person, and make such other provisions for the protection of the stockholders and the better security of those dealing with it as to a majority of the stockholders may seem proper, not inconsistent with the provisions of this Title or Part.

Premiums, how payable

SEC. 446. All premiums must be payable wholly in cash, or one half or a greater proportion in cash, and the remainder in promissory notes bearing interest, as may be provided for by the by-laws. Agreements and policies of insurance made by the corporation, may be upon the basis of full or partial participation in the profits, or without any participation therein, as may be provided by the by-laws and agreed between the parties.

Corporations to furnish Insurance Commissioner with data for valuation of policies outstanding, when.

How estimated.

SEC. 447. Every life insurance corporation doing business in this State, or formed under the provisions of this Part, must, on or before the first Monday in January of each year, furnish the Insurance Commissioner the necessary data for determining the valuation of all its policies outstanding on the thirty-first day of December next preceding; which valuation must be based upon the rate of mortality as established by the American Experience Life Table. The rate of interest to be assumed must be four and one half per cent. per annum.

[Amended.]

Same.

SEC. 84. Section 447 of said Code is amended to read as follows:

SEC. 447. Every life insurance corporation organized under the laws of this State must, on or before the first day of February of each year, furnish the Insurance Commissioner the necessary data for determining the valuation of all its policies outstanding on the thirty-first day of December then next preceding. And every life insurance company organized under the laws of any other State or country, and doing business in this State, must, upon the written requisition of the Commissioner, furnish him, at such time as he may designate, the requisite data for determining the valuation of

all its policies then outstanding; such valuations must be based upon the rate of mortality established by the American Experience Life Table, and interest at four and one half per cent. per annum. For the purpose of making the valuations, the Insurance Commissioner is authorized to employ a competent actuary, whose compensation for such valuations shall be three cents for each thousand dollars of insurance; to be paid by the respective companies whose policies are thus valued.

Approved March 30th, 1874.

SEC. 448. No stamp is required nor stamp duty exacted on any contract of insurance, when such contract insures against accident which may result in injury or death.

No stamp required on accident insurance contract.

SEC. 2. The following sections are added as new sections to said Code, and must be inserted in said Code after Section 448, and designated as Sections 449, 450, and 451, respectively:

SEC. 449. When the certificate of the Insurance Commissioner of this State, of the valuation of the policies of a life insurance company, as provided in Section 447 of the Civil Code of this State, issued to any company organized under the laws of this State, shall not be accepted by the insurance authorities of any other State, in lieu of a valuation of the same, by the insurance officer of such other State, then every company organized under the laws of such other State, doing business in this State, shall be required to have a separate valuation of its policies made under the authority of the Insurance Commissioner of this State, as provided in Section 447 of the Civil Code.

Retaliatory clause.

SEC. 450. Every policy of insurance upon life issued hereafter within the limits of the State of California, whether by a person or corporation, organized under the laws of this State, or under those of any other State or country, or by the agent of such person or corporation, must contain written evidence that it was issued in this State. And any such policy issued in this State, which shall not contain such written evidence, is, at the option of the holder, null and void. And the person or corporation issuing such policy, without the evidence hereinbefore required, shall forfeit to the people of the State of California, for each and every policy so issued, the sum of one hundred dollars in United States gold coin, to

Policies issued within this State to contain notice that they were so issued.

be collected by the Insurance Commissioner as provided by Section 598 of the Political Code.

Cancellation  
and payment

SEC. 451. Whenever, during the life of any policy of insurance hereafter issued in this State, such policy shall be, by the legal holder thereof, presented to the person or corporation issuing the same, or to the agent of such person or corporation, for payment and cancellation, such person or corporation must, within sixty days after such presentation and demand of payment, pay to the holder of such policy, in like currency to that of the policy, a sum equal to seventy-five per cent. of the then present value of such policy, as ascertained and determined in accordance with the provisions of Section 447 of the Civil Code, and such payment shall be a full and complete liquidation of such policy.

Approved March 30th, 1874.

# POLITICAL CODE.

## AN ACT TO ESTABLISH A POLITICAL CODE.

APPROVED MARCH 12TH, 1872.

### TITLE OF THE ACT.

SECTION 1. This Act shall be known as THE POLITICAL CODE OF THE STATE OF CALIFORNIA. \* \* \*

Title and Divisions of this Act.

SEC. 2. This Code takes effect at twelve o'clock, noon, of the first day of January, eighteen hundred and seventy-three.

When Code takes effect.

SEC. 18. No statute, law, or rule is continued in force because it is consistent with the provisions of this Code on the same subject, but in all cases provided for by this Code all statutes, laws, and rules heretofore in force in this State, whether consistent or not with the provisions of this Code, unless expressly continued in force by it, are repealed and abrogated. This repeal or abrogation does not revive any former law heretofore repealed, nor does it affect any right already existing or accrued, or any action or proceeding already taken, except as in this Code provided; nor does it affect any private or local statute not expressly repealed.

Statutes, laws, or rules inconsistent with Code repealed.

SEC. 20. This Act whenever cited, enumerated, referred to, or amended, may be designated simply as THE POLITICAL CODE, adding, when necessary, the number of the section.

This Act, how cited, etc.

SEC. 11. The following is added as a new section to said Code, and must be inserted in said Code after Section 336, and designated Section 337.

Insurance  
Commission-  
er's report.

SEC. 337. Of the report of the Insurance Commissioner, the Commissioner must have printed, at the expense of his office, one thousand copies, and must deliver of the same as follows:

To the Governor, twenty copies.

To the State Librarian, ten copies.

To the Secretary of State, thirty copies.

To the Sergeant-at-arms of the Senate, eighty copies.

To the Sergeant-at-arms of the Assembly, one hundred and sixty copies.

And the residue must be distributed by the Commissioner in furtherance of the interest of insurance.

Approved March 30th, 1874.

# PART III.

## CHAPTER III.

### ARTICLE XVI.

#### INSURANCE COMMISSIONER.

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604. May employ actuary, when.
605. Fees to be paid to Commissioner.
606. Assessments for deficiency in salary and expenses.
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608. Same.
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611. Statements, when to be made.
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614. Stock notes, how computed.
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- SECTION 619. Deposits, receipts for.  
 620. Deposits returned, when.  
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 633. Licensing solicitors.

Eligibility.

SECTION 594. No person is eligible to the office of Insurance Commissioner or Deputy who is an officer, agent, or employé of an insurance company.

General duties of.

SEC. 595. The Insurance Commissioner must receive all bonds and securities of persons engaged in the transaction of insurance business in this State, and file and safely keep the same in his office, or deposit them as provided in this Article. He must examine and inspect the financial condition of all persons engaged or who desire to engage in the business of insurance; issue a certificate of authority to transact insurance business in this State to any persons in a solvent condition who have fully complied with the laws of this State; determine the sufficiency and validity of all bonds and other securities required to be given by persons engaged or to be engaged in insurance business, and cause the same to be renewed in case of the insufficiency or invalidity thereof, and perform all other duties imposed upon him by the laws regulating the business of insurance in this State, and enforce the execution of such laws; prepare and furnish on demand, to all persons engaged in the insurance business, blank forms for such statements or reports as may by law be required of them; make, on or before the first day of August in each year, a report to the Governor of this State, containing a tab-



ular statement and synopsis of the reports which have been filed in his office, showing generally the condition of the insurance business and interests in this State, and other matters concerning insurance, and a detailed statement, verified by oath, of the moneys and fees of office received by him, and for what purposes.

[Amended.]

SEC. 13. Section 595 of said Code is amended to read as follows :

SEC. 595. The Insurance Commissioner must receive all bonds and securities of persons engaged in the transaction of insurance business in this State, and file and safely keep the same in his office, or deposit them as provided in this Article. He must examine and inspect the financial condition of all persons engaged or who desire to engage in the business of insurance; issue a certificate of authority to transact insurance business in this State to any persons in a solvent condition who have fully complied with the laws of this State; determine the sufficiency and validity of all bonds, and other securities, required to be given by persons engaged or to be engaged in insurance business, and cause the same to be renewed in case of the insufficiency or invalidity thereof; and perform all other duties imposed upon him by the laws regulating the business of insurance in this State, and enforce the execution of such laws; prepare and furnish on demand, to all persons engaged in the insurance business, blank forms for such statements or reports as may by law be required of them; make, on or before the first day of August, in each year, a report to the Governor of this State, containing a tabular statement and synopsis of the reports which have been filed in his office, showing generally the condition of the insurance business and interests in this State, and other matters concerning insurance, and a detailed statement, verified by oath, of the moneys and fees of office received by him, and for what purpose. And whenever any insurance company doing business in this State shall voluntarily surrender to the Insurance Commissioner its certificate of authority previously granted, thereby withdrawing from business in this State, the Commissioner must make due publication of such surrender and withdrawal, daily, for the period of one month, in some newspaper published in the City of San Francisco.

Approved March 30th, 1874.

Business of insurance not to be transacted without his certificate.

SEC. 596. No person must transact insurance business in this State without first procuring from the Insurance Commissioner a certificate of authority, as in this chapter provided; and all policies issued or renewed and all insurances taken before the issuing of such certificates, are null and void.

[Amended.]

Same.

SEC. 14. Section 596 of said Code is amended to read as follows :

SEC. 596. No person must transact insurance business in this State without first procuring from the Insurance Commissioner a certificate of authority, as in this Chapter provided; and all policies issued or renewed, and all insurance taken before the issuing of such certificate, are null and void; and any person issuing or renewing a policy without such certificate, shall forfeit to the people of the State of California the sum of one hundred dollars for each policy so issued or renewed, to be collected in the manner prescribed in Section 598 of this Code.

Approved March 30th, 1874.

[Amended a second time.]

Section 596 of the Political Code is amended to read as follows :

Same.

SEC. 596. No person must transact insurance business in this State without first procuring from the Insurance Commissioner a certificate of authority, as in this Chapter provided; and all policies issued or renewed, and all insurances taken before obtaining such certificate of authority, are null and void; and any person issuing or renewing a policy without such certificate, shall forfeit to the people of the State of California the sum of one hundred dollars for each policy so issued or renewed, to be collected by the Insurance Commissioner in the manner prescribed in Section 598 of this Code. But any company or corporation belonging to any other State or country, having policies of life insurance outstanding in this State, and that were issued in accordance with the laws of the State, shall have the right to maintain an agent in this State for the collection of renewal premiums on such policies, and the Commissioner is hereby authorized to issue to the duly appointed agent of such company or corporation a certificate authorizing him to collect such premiums. But the company or corporation must satisfy the Commissioner that it is authorized to transact insurance business in the State to which it

belongs. The agent must, on or before the tenth day of January in each year, file with the Commissioner a statement, under oath, showing the gross amount of premiums collected by him during the year ending on the thirty-first day of December next preceding; and upon filing such statement he must pay into the office of the Commissioner the sum of twenty dollars, in gold coin of the United States.

Approved March 30th, 1874.

SEC. 597. The Commissioner, whenever necessary, or whenever he is requested by verified petition, signed by three persons interested, either as stockholders, policy-holders, or creditors of any person engaged in insurance business, showing that such person is insolvent under the laws of this State, must make examination of the business and affairs relating to the insurance business of such person; and for such purpose has free access to all the books and papers of such person, and must thoroughly inspect and examine all his affairs, and ascertain his condition and ability to fulfill his engagements, and whether he has complied with all the provisions of law applicable to his insurance transactions. Such person and his officers and agents must open his books and papers for the inspection of the Commissioner, and otherwise facilitate such examination; and the Commissioner may administer oaths and examine under oath any persons relative to the business of such person; and if he finds the books to have been carelessly or improperly kept or posted, he must employ sworn experts to re-write, post, and balance the same at the expense of such person. Such examination must be conducted in the county where such person has his principal place of business, and must be private, unless the Commissioner deems it necessary to publish the result of such investigation, in which case he may publish the same in two of the public newspapers of this State, one of which must be published in the City of San Francisco.

To examine  
affairs of  
companies,  
when.

SEC. 598. The Commissioner may collect the sum of five hundred dollars from any person engaged in the business of

Fines imposed  
if companies  
refuse.

insurance for each refusal to give full and truthful information and response in writing to any inquiry in writing by the Commissioner relating to the business of insurance as carried on by him ; and for that purpose suits may be instituted by the Commissioner, in the name of the People of the State of California, in any Court of competent jurisdiction.

May issue  
subpoenas.

SEC. 599. The Commissioner may issue subpoenas for witnesses to attend and testify before him on any subject touching insurance business, or in aid of his duties; which must be served, obeyed, and enforced as provided in the Code of Civil Procedure for civil cases, the Commissioner to issue attachments and impose the penalty for disobedience ; and, in addition, the defaulting witness may be punished as provided in the Penal Code.

Proceedings  
on insolvency  
of com-  
panies.

SEC. 600. Whenever the Commissioner ascertains that any person engaged in the insurance business is insolvent within the meaning of this Chapter, he must revoke the certificate granted, and send by mail to such person, addressed to him at his principal place of business, or deliver to him personally, notice of such revocation, and cause notice thereof to be filed in his office and also to be published daily for four weeks in some newspaper published in the City of San Francisco. He must require such person, after receiving notice of the revocation, or after the first publication thereof, to discontinue the issuing any new policies and the renewal of any previously issued ; and in such cases must require the person or the manager or agent of the business to repair the capital thereof within such period as he may designate in such requisition by assessment upon the stockholders for such amounts as will make the capital equal to the amount of the paid up capital, exclusive of assets needed to pay all ascertained liabilities for losses reported, for expenses and taxes, and exclusive of the entire premiums received for outstanding risks.

Must require  
capital stock  
to be repair-  
ed, when.

SEC. 601. In case any person, upon the requisition of the Commissioner, fails to make up the deficiency of the capital in accordance with the requirements of this Chapter, or to comply in all respects with the laws of this State, the Commissioner must communicate the fact to the Attorney General, who must commence an action in the name of the People of this State, in the District Court of the Judicial District where the person in question is located or has his principal office, against such person, and apply for an order requiring cause to be shown why the business should not be closed; and the Court must thereupon hear the allegations and proofs of the respective parties as in other cases. If it appears to the satisfaction of the Court that such person is insolvent, or that the interests of the public so require, the Court must decree a dissolution of such corporation, and a winding up of its affairs and a distribution of the effects of such person; but otherwise the Court must enter a decree annulling the act of the Commissioner in the premises, and authorizing such person to resume business. But the Commissioner must not be held liable for damages, if he has acted in good faith. In the event of any additional losses occurring upon new risks taken after the expiration of the period limited by the Commissioner in the requisition, and before the deficiency has been filled up, the Directors of any company, corporation, or association are individually liable to the extent thereof.

Proceedings when this is not done.

SEC. 602. Whenever the liabilities of any person engaged in the insurance business, for losses reported, expenses, taxes, and reinsurance of all outstanding risks, estimated at fifty per cent. of the premiums received on fire risks and marine time risks, at the full premiums on all other marine risks, and at rates for life risks based upon the rate of mortality as established by the American Experience Life Table, and the rate of interest assumed to be four and one half per cent. per annum, and such rates for accidental and other kinds of insurance as are generally accepted by the Superintendent of the Insurance Department of the State of New York, would im-

What constitutes insolvency.

pair his capital stock already paid in to an extent exceeding twenty per cent., such person is insolvent.

[Amended.]

SEC. 15. Section 602 of said Code is amended to read as follows :

Same.

SEC. 602. Whenever provision for the liabilities of any person engaged in the insurance business in this State, for losses reported, expenses, taxes, and reinsurance of all outstanding risks estimated at fifty per cent. of the premiums received and receivable on all fire risks and marine time risks, at the full premiums received and receivable on all other marine risks, and at rates for life risks, based upon the rate of mortality established by the American Experience Life Table, and interest at four and one half per cent. per annum, and such rates for accident and other kinds of insurance as are accepted by the insurance authorities of the State of New York, would so far impair his capital stock paid in as to reduce the same below two hundred thousand dollars in gold coin of the United States, or below twenty per cent. of said capital stock paid in, such person is insolvent. And in the case of a person thus engaged in the insurance business in this State, on the mutual plan, if his available cash assets shall not exceed his liabilities, as hereinbefore enumerated, in the full sum of two hundred thousand dollars in United States gold coin, such person is insolvent.

Approved March 30th, 1874.

[Amended a second time.]

SECTION 1. Section 602 of the Political Code is amended to read as follows :

Same.

SEC. 602. Whenever provision for the liabilities of any person engaged in the insurance business in this State for losses reported, expenses, taxes, and reinsurance of all outstanding risks estimated at fifty per cent. of the premiums received and receivable on all fire risks and marine time risks, at the full premiums received and receivable on all other marine risks, and at rates for life risks based upon the rates of mortality established by the American Experience Life Table, and interest at four and one half per cent. per annum, and such rates for accident and other kinds of insurance as are accepted by the insurance authorities of the State of New York, would so far impair his capital stock paid in as to reduce the same below two hundred thousand dollars in gold coin of

the United States, or below sixty per cent. of said capital stock paid in, such person is insolvent; and in the case of a person thus engaged in the insurance business in this State on the mutual plan, if his available cash assets shall not exceed his liabilities as hereinbefore enumerated, in the full sum of two hundred thousand dollars in United States gold coin, such person is insolvent.

Approved March 30th, 1874.

SEC. 603. The Commissioner must keep and preserve in a permanent form a full record of his proceedings, including a concise statement of the condition of each person visited or examined by him.

Must keep a record.

SEC. 604. The Commissioner may employ an actuary to make the valuation of life policies at the compensation of not exceeding three cents for each thousand dollars of insurance, to be paid by the person or corporation for which the valuation is made.

May employ actuary, when.

SEC. 605. The Commissioner must require in advance, in United States gold coin, the following fees:

Fees to be paid to Commissioner.

1. For filing the articles of incorporation or certified copy of articles or other certificate required to be filed in his office, thirty dollars;
2. For filing the annual statement required to be filed, twenty dollars;
3. For filing any other papers required by this Chapter to be filed, five dollars;
4. For furnishing copies of papers filed in his office, twenty cents per folio;
5. For certifying copies, one dollar each;
6. For each certificate issued, as provided in section six hundred and nineteen, the sum of five dollars.

SEC. 606. If the salary of the Commissioner and the expenses of his office exceed the fees and charges collected by him, such excess must be annually assessed by the Commis-

Assessments for deficiency in salary and expenses.

sioner upon all persons or corporations engaged in the business of insurance in this State, and they are severally liable therefor, pro rata, according to the amount of premiums received or receivable from risks taken in this State, respectively, during the year ending on the thirty-first day of December next preceding the assessment. The Commissioner must collect all fees and assessments, and pay monthly into the State Treasury whatever amounts may be received and collected by him. He may bring actions in the name of the People of this State to enforce such collections; and any person liable for any assessment who neglects or refuses to pay the amount of such assessment within ten days after demand thereof in writing by the Insurance Commissioner, becomes liable to pay double the amount of such assessment, and any judgment recovered in such case must be for such double amount and costs.

Certain certificates to be filed in his office.

SEC. 607. The Commissioner must cause every corporation or person, before engaging in the business of insurance, to file in his office, as follows :

1. If incorporated under the laws of this State, a copy of the articles of incorporation or statement of any increase or diminution of the capital stock, certified by the Secretary of State to be a copy of that which is filed in his office ;

2. If incorporated under the laws of any other State or country, a copy of the articles of incorporation, if organized or formed under any law requiring articles to be filed, duly certified by the officer having the custody of such articles ; or if not so organized, a copy of the law, charter, or deed of settlement under which the organization is made, duly certified by the proper custodian thereof, or proved by affidavit to be a copy ; also, a certificate under the hand and seal of the proper officer of such State or country having supervision of insurance business therein, that such corporation or company is organized under the laws of such State or country, with the amount of capital stock or assets required by this Chapter ;



3. If not incorporated, a certificate setting forth the nature and character of the business, the location of the principal office, the names of the persons and of those composing the association, the amount of actual capital employed or to be employed therein, and the names of all officers and persons by whom the business is or may be managed. The certificate must be verified by the affidavit of the chief officer, Secretary, agent, or manager of the association; and if there are any written articles of agreement or association, a copy thereof must accompany such certificates.

SEC. 608. He must require from every insurance association not formed under the laws of this State, or not incorporated, carrying on the business of insurance by an agent: Same.

1. A certified or verified power of attorney or written authority to such agent;

2. A notice of any change of agents or in the powers of any agent, within ninety days after such change, and a certified copy of any new or further power of attorney or authority before the same is acted under;

3. When by any law, agreement, or other writing, any change is made in respect to any of the particulars set forth in the certificate on file, a certified copy of such law, agreement, or other writing, verified respectively as certificates are required to be verified; also, a notice of such change before the same is acted under.

SEC. 609. The Commissioner must require the name under which any corporation hereafter proposes to be formed or organized under the laws of this State, for the transaction of insurance business, to be submitted to him before the commencement of such business; and he may reject any name or title so submitted when the same is an interference with or too similar to one already appropriated, or likely to mislead the public in any respect; and in such case a name not liable to such objection must be chosen. May determine name of new corporation.

Statements  
to be made  
by insurance  
companies.

SEC. 610. The Commissioner must require from every corporation or person doing the business of insurance in this State, a statement verified as follows :

1. If it is made by a corporation organized under the laws of this State, by the oaths of the President and Secretary, or of the Vice-President and Secretary thereof ;

2. If made by a foreign insurance company or person, by the oath of the principal executive officer thereof, or by the oath of a duly authorized agent thereof residing in this State ;

3. If it is made by an individual or firm, by the oath of such individual or a member of the firm.

[Amended.]

SEC. 16. Section 610 of said Code is amended to read as follows :

Same.

SEC. 610. The Commissioner must require from every corporation or person doing the business of insurance in this State, a statement, verified as follows :

One—If it be made by a corporation organized under the laws of this State, by the oaths of the President and Secretary, or of the Vice-President and Secretary thereof.

Two—If made by a foreign insurance company or person, by the oath of the principal executive officer thereof.

Three—If it be made by an individual or firm, by the oath of such individual or a member of the firm.

Approved March 30th, 1874.

Statement,  
when to be  
made.

SEC. 611. The statement mentioned in the preceding section must exhibit the condition and affairs of every such corporation, person, firm, or individual, on the thirty-first day of December then next preceding, and must be published in a daily newspaper in the city where the principal office is located for the period of one week ; and must be filed with the Insurance Commissioner, as follows :

1. By persons transacting the business of fire, marine, or inland insurance :

(a) If made by a person residing in or by a company

organized under the laws of this State, on or before the first day of February of each year ;

(b) If made by a person resident of or by a company organized under the laws of any other State or Territory or District of the United States, on or before the first day of June of each year ;

(c) If made by a person resident of or by a company organized under the laws of any country foreign to the United States, on or before the first day of June of each year.

2. By persons transacting the business of insurance, other than fire, marine, or inland :

(a) If made by a person residing in or by a company organized under the laws of this State, on or before the first day of March of each year ;

(b) If made by a person resident of or by a company organized under the laws of any other State or Territory or District of the United States, on or before the first day of April of each year ;

(c) If made by a person resident of or by a company organized under the laws of any country foreign to the United States, on or before the first day of June of each year.

[Amended.]

SEC. 17. Section 611 of said Code is amended to read as follows :

SEC. 611. The statement mentioned in the preceding section must exhibit the condition and affairs of every corporation, person, firm, or individual, on the thirty-first day of December then next preceding, and must be published in a daily newspaper in the city where the principal office is located, for the period of one week ; and must be filed with the Insurance Commissioner, as follows: Same.

One—If made by a person residing in, or by a company organized under the laws of this State, on or before the first day of February of each year.

Two—If made by a person resident of, or by a company organized under the laws of any other State, or Territory, or District of the United States, on or before the first day of March of each year.

Three—If made by a person resident of, or by a company organized under the laws of any country foreign to the United States, on or before the first day of April of each year.

Approved March 30th, 1874.

What to  
show.

SEC. 612. Such statement, if made by fire, marine, and inland insurance companies, must show :

*First.*

The amount of the capital stock of the company.

*Second.*

The property or assets held by the company, specifying :

1. The value of real estate held by such company ;
2. The amount of cash on hand and deposited in banks to the credit of the company, specifying the same ;
3. The amount of cash in the hands of agents and in course of transmission.
4. The amount of loans secured by bonds and mortgages constituting the first lien on real estate on which there is less than one year's interest due or owing ;
5. The amount of loans on which interest has not been paid within one year previous to such statement ;
6. The amount due the company on which judgments have been obtained ;
7. The amount of stocks of this State, of the United States, of any incorporated city of this State, and of any other stocks owned by the company, specifying the amount, number of shares, and par and market value of each kind of stock ;
8. The amount of stocks held as collateral security for loans, with the amount loaned on each kind of stock, its par value and market value ;
9. The amount of interest due and unpaid ;
10. The amount of all other loans made by the company, specifying the same ;

11. The amount of premium notes on hand on which policies are issued; <sup>Same.</sup>
12. All other property belonging to the company, specifying the same.

*Third.*

The liabilities of such company, specifying:

1. The amount of losses due and unpaid;
2. The amount of claims for losses resisted by the company;
3. The amount of losses in process of adjustment or in suspense, including all reported or supposed losses;
4. The amount of dividends declared, due and remaining unpaid;
5. The amount of dividends declared, but not due;
6. The amount of money borrowed and security given for the payment thereof;
7. Gross premiums (without any deduction) received and receivable upon all unexpired *fire* risks running one year or less from date of policy—reinsurance thereon at fifty per cent;
8. Gross premiums (without any deduction) received and receivable upon all unexpired *fire* risks running *more* than one year from date of policy—reinsurance thereon pro rata;
9. Gross premiums (without any deductions) received and receivable upon all unexpired marine and inland navigation risks, except time risks—reinsurance thereon at one hundred per cent.;
10. Gross premiums (without any deductions) received and receivable on marine time risks—reinsurance thereon at fifty per cent;
11. Amount reclaimable by the insured on perpetual fire insurance policies, being ninety-five per cent. of the premium or deposit received;
12. Reinsurance fund and all other liabilities, except

same.

capital, under the life insurance or any other special department ;

13. Unused balances of bills and notes taken in advance for premiums on open marine and inland policies or otherwise, returnable on settlement ;

14. Principal unpaid on scrip or certificates or profits which have been authorized or ordered to be redeemed ;

15. Amount of all other liabilities of the company, specifying the same.

*Fourth.*

The income of the company during the preceding year, specifying :

1. The amount of cash premiums received ;
2. The amount of notes received for premiums ;
3. The amount of interest money received, specifying the same ;
4. The amount of income received from all other sources, specifying the same.

*Fifth.*

The expenditures during the preceding year, specifying :

1. The amount of losses paid ;
2. The amount of dividends paid ;
3. The amount of expenses paid, including commissions and fees to agents and officers of the company ;
4. The amount paid for taxes ;
5. The amount of all other payments and expenditures.

*Sixth.*

1. The amount of risks written during the year ;
2. The amount of risks expired during the year ;
3. The amount of risks written during the year in the State of California ;
4. The amount of premiums thereon.

SEC. 613. Such statement, if made by life, health, and <sup>Same.</sup> accident companies must show :

*First.*

The amount of the capital stock of the company.

*Second.*

The property or assets held by the company, specifying :

1. The value of the real estate held by the company ;
2. The amount of cash on hand and deposited in banks to the credit of the company, specifying the same ;
3. The amount of loans secured by bond and mortgage on real estate, specifying the same ;
4. Amount of loans secured by pledge of bonds, stocks, or other marketable securities as collateral, specifying the same ;
5. Cash market value of all stocks and bonds owned by the company, specifying the same ;
6. Interest due the company and unpaid ;
7. Interest accrued but not due ;
8. Premium notes and loans in any form taken in payment of premiums on policies now in force ;
9. Gross amount of premiums in process of collection and transmission on policies in force ;
10. Gross amount of deferred premiums ;
11. All other assets, specifying the same.

*Third—Liabilities.*

1. Claims for death losses and matured endowments, due and unpaid ;
2. Claims for death losses and matured endowments in process of adjustment or adjusted and not due ;
3. Claims resisted by the company ;
4. Amounts due and unpaid on annuity claims ;
5. Trust fund, on deposit, or net present value of all the outstanding policies, computed according to the American

Same.

Experience Tables of mortality, with four and one half per cent. interest ;

6. Additional trust fund on deposit, or net present value of extra and special risks, including those on impaired lives ;

7. Amount of all unpaid dividends of surplus percentages, bonuses, and other description of profits to policy-holders, and interest thereon ;

8. Amount of any other liability to policy-holders or annuitants not included above ;

9. Amount of dividends unpaid to stockholders ;

10. Amount of National, State, and other taxes due ;

11. All other liabilities, specifying the same.

#### *Fourth—Income.*

1. Cash received for premiums on new policies during the year ;

2. Cash received for renewal of premiums during the year ;

3. Cash received for sale of annuities ;

4. Cash received for all other premiums ;

5. Cash received for interest on loans, specifying the same ;

6. Rents received ;

7. Cash received from all other sources, specifying the same.

8. Gross amount of notes taken on account of new premiums ;

9. Gross amount of notes taken on account of renewal premiums.

#### *Fifth—Expenditures.*

1. Cash paid for losses ;

2. Cash paid to annuitants ;

3. Cash paid for lapsed, surrendered, and purchased policies ;

4. Cash paid for dividends to policy-holders ;



5. Cash paid for dividends to stockholders ; Same.
6. Cash paid for reinsurances ;
7. Commission paid to agents ;
8. Salaries and other compensation of officers and employés, except agents and medical examiners ;
9. Medical examiners' fees and salaries ;
10. Cash paid for taxes ;
11. Cash paid for rents ;
12. Cash paid for commuting commissions ;
13. All other cash payments.

*Sixth.*

Balance sheet of premium note account.

*Seventh.*

Balance sheet of all the business of the company.

*Eighth.*

1. Total amount of insurance effected during the year on new policies ;
2. Total amount of insurance effected during the year in the State of California ;
3. Premiums received during the year on risks written in the State of California.

SEC. 614. Mutual companies formed, existing, and doing business under an Act entitled "An Act to provide for the incorporation of mutual insurance companies," passed April twenty-sixth, eighteen hundred and fifty-one, may report their approved stock notes as capital paid up, and such notes for all purposes must be deemed part of the paid up capital stock of such corporation.

Stock notes,  
how com-  
puted.

SEC. 615. The Insurance Commissioner must cause to be prepared, and furnish to each person and to each of the companies incorporated in this State, and to the attorney of each

To furnish  
blanks.

of the companies incorporated or chartered by other States and foreign governments, printed forms of the statements herein required; and he may make such changes from time to time in the form of the same as seems to him best adapted to elicit from the companies a true exhibit of their condition in respect to the several points hereinbefore enumerated. The same forms must be addressed to all persons and companies engaged in the same kind of business.

Agent upon whom process may be served.

SEC. 616. The Insurance Commissioner must require as a condition precedent to the transaction of insurance business in this State by any foreign corporation, that such corporation must file in his office the name of an agent, and his place of residence in this State, on whom summons and other process may be served in all actions or other legal proceedings against such corporation. All process so served gives jurisdiction over the person of such corporation.

[Amended.]

SECTION 1. Section 616 of the Political Code of the State of California is amended so as to read as follows:

Foreign insurance companies, conditions precedent.

SEC. 616. The Insurance Commissioner must require, as a condition precedent to the transaction of insurance business in this State by any foreign corporation or company, that such corporation or company must file in his office the name of an agent, and his place of residence in this State, on whom summons and other process may be served in all actions or other legal proceedings against such corporation or company. All process so served gives jurisdiction over the person of such corporation or company. The agent so appointed and designated shall be deemed in law a general agent, and must be the principal agent or chief manager of the business of such corporation or company in this State. Any act, statement, representation, or agreement, done or made by an agent so appointed and designated, which in any manner pertains to the business of such corporation or company, shall be deemed the act, statement, representation, or agreement of the principal, and shall have the same force and effect as if done or made by the principal. Any such foreign corporation or company shall, as a further condition precedent to the transaction of insurance

business in this State, and in consideration of the privilege to transact such insurance business in this State, make and file with the Insurance Commissioner, an agreement or stipulation, executed by the proper authorities of such corporation or company, in form and substance as follows: "The (giving name of corporation or company) does hereby stipulate and agree, that in consideration of the permission granted by the State of California to it, to transact insurance business in that State, that in all litigation between (giving name of corporation or company), and any citizen of the State of California, the Courts of said State shall have and maintain exclusive jurisdiction of such litigation. And it is further agreed that no action hereafter commenced in any District Court of said State of California against (insert name), shall be removed or transferred therefrom to the United States Circuit Court." If in any action hereafter commenced in any District Court of this State, by a citizen thereof, against a foreign corporation or company doing insurance business in said State, such corporation or company shall transfer, or cause to be transferred, such action, to the United States Circuit Court, the right of such corporation or company to transact insurance business in said State shall thereupon and thereby cease and determine; and the Insurance Commissioner shall immediately revoke the certificate of such corporation or company, authorizing it to do business in said State of California.

Form of agreement.

Penalty for violation.

Approved March 28th, 1874.

SEC. 617. The Commissioner must collect the sum of five hundred dollars from any person or corporation engaged in the business of insurance, for a failure to make and deposit in his office the statements provided for in the eight preceding sections, and an additional penalty of one thousand dollars for each and every month thereafter that such person or corporation continues to transact the business of insurance until such certificate and statement is filed, and for that purpose suits may be instituted in the name of the People of the State of California in any Court of competent jurisdiction.

Duties of Commissioner when companies fail to make statement.

[Amended.]

SEC. 2. Section 617 of the Political Code of the State of California is amended so as to read as follows:

Same.

SEC. 617. The Commissioner must collect the sum of one thousand dollars from any corporation or company engaged in the business of insurance, for a failure to make and deposit in his office, within ninety days after being thereto requested by said Commissioner, the statements and stipulations provided for in the eighth preceding section and the last preceding section; and an additional penalty of two thousand dollars for each and every month thereafter that such corporation or company continues to transact the business of insurance, until such certificate, statement, and stipulations are filed; and for that purpose suit may be instituted in the name of the People of the State of California, in any Court of competent jurisdiction. The Insurance Commissioner shall, immediately after the passage of this Act, give due notice of its provisions to all foreign insurance corporations or companies doing or proposing to do business in this State.

SEC. 3. All Acts or parts of Acts, inconsistent with the provisions of this Act, are hereby repealed. This Act shall take effect and be in force from and after its passage.

Approved March 28th, 1874.

Deposits and  
dividends.

SEC. 618. Whenever the laws of any State of the United States require any life insurance company incorporated by or organized under the laws of this State, to deposit with some officer of this State securities in trust for or for the benefit of the policy-holders of such corporation as a prerequisite to transacting business in such other State, the Commissioner of this State must receive from such life insurance corporation securities of the amount required by the laws of such other State, on deposit and in trust for the policy-holders of such corporation, the value of which must be equal to the value of interest-bearing stocks, bonds, or other securities of the United States. He must, upon the receipt of the securities, forthwith make a special deposit in the State Treasury of the same, in packages marked with the name of the corporation from whom received, where they must remain as security for policy-holders in the corporation to which they respectively belong; but so long as any corporation so depositing continues solvent, he must permit such corporation to collect the interest or dividends on its securities so de-

posited, and from time to time to withdraw any such securities on depositing other securities in the stead of those to be withdrawn, such new securities to be of the same value mentioned in this chapter; but such securities must not be withdrawn from the State Treasury unless upon the written order of the acting President and Secretary of the corporation making the deposits, which order must be endorsed by the Commissioner, or upon the order and authority of some Court of competent jurisdiction.

SEC. 619. Whenever any life insurance corporation, organized under the laws of this State, has deposited with the Commissioner the requisite securities, in conformity with the laws of the State in which such corporation is desirous of transacting its business, he must issue to such corporation a certificate, under his official seal, of such deposit, for each State requiring the same, which must state the items and amount of securities thus deposited, and that they are of the market value represented therein; but no securities must be estimated above the par value of the same.

Deposits, receipts for.

SEC. 620. Whenever any life insurance corporation has so deposited its securities, and has paid, cancelled, or reinsured all its unexpired policies, and all its liabilities under such policies are extinguished or assumed by other responsible corporations having a similar deposit with the Commissioner, then if, on application of such corporation, verified by the oath of its President and Secretary, and from an examination of the books of the corporation and of its officers under oath, the Insurance Commissioner is satisfied that all of its policies are so paid, cancelled, extinguished, or reinsured, he must deliver up to the corporation the securities deposited.

Deposits returned, when.

SEC. 621. The Commissioner must make an annual examination of the securities received by him from each life insurance corporation; and if it appear at any time that the

Examination of securities.

securities deposited by any corporation amount to less than the sum required for the purposes for which the deposit was made, he must notify the corporation thereof; and unless the deficiency is made up within thirty days after notice, the Commissioner must countermand all the certificates he may have issued to the corporation under this chapter, and give notice thereof to the officers of the several States to whom the certificate may have been transmitted; and he must also publish the notice for three weeks successively in one daily newspaper printed in the City of Sacramento and one daily newspaper printed in the City of San Francisco, at the expense of the corporation, collected by assessment.

Retaliatory  
clause.

SEC. 622. Whenever the laws of any State of the United States require of insurance companies incorporated under the laws of this State and having agencies in such other State, or of the agents thereof, any further or greater license, fees, charges, impositions, taxes, deposit of securities, statements, publications or certificates of authority, or inflict any greater fines or penalties upon such corporations or agents than are required from similar companies or agents of other States doing business in this State, then and in every such case, from every company, person, or corporation of such other State which has or is about to establish agencies in this State, the Commissioner must, before it continues or commences to do business in this State, collect the same license, fees, charges, impositions, and taxes, and require the same statements, publications, certificates of authority, and the same deposit of securities as are required by the laws of such State of similar companies, persons, or corporations, and agents, of this State, doing business in such other State; and the same fines and penalties must be inflicted upon companies, persons, or corporations of such other States, and their agents, as are inflicted by such States upon companies, persons, or corporations of this State, and their agents, under the laws of such other States.

[Amended.]

SEC. 18. Section 622 of said Code is amended to read as follows: same.

SEC. 622. Whenever the laws of any State or country require of insurance companies, incorporated under the laws of this State, and having agencies in such other State or country, or of the agents thereof, any further or greater license, fees, charges, impositions, taxes, deposit of securities, statements, publications, or certificates of authority, or inflict any greater fines or penalties upon such corporations or agents than are required from similar companies or agents belonging to such State or country respectively, then and in every such case, from every company, person, or corporation of such State or country, which has or is about to establish agencies in this State, the Commissioner must, before it continues or commences to do business in this State, collect the same licenses, fees, charges, impositions, and taxes "as are imposed by such State upon agents, companies, corporations, or persons of this State doing business in such State, in excess of the licenses, fees, charges, impositions, and taxes upon agents, companies, corporations, or persons of that State," and require the same statements, publications, certificates of authority, and the same deposit of securities, as are required by the laws of such State or country of companies, persons, or corporations and agents of this State doing business in such other State or country; and the same fines and penalties must be inflicted upon companies, persons, or corporations of such other State or country, and their agents, as are inflicted by the laws of such State or country upon companies, persons, or corporations of this State, and their agents, in excess of such fines and penalties inflicted upon companies, persons, or corporations belonging to such State or country respectively which may be recovered by the Insurance Commissioner in the manner provided in Section 598 of this Code.

Approved March 30th, 1874.

SEC. 623. The Commissioner must require every company, association, or individual, not incorporated under the laws of this State, and proposing to transact insurance business by agent or agents in this State, before commencing such business to file in his office a bond, to be signed by the person or firm, officer or agent, as principal, with two sureties,

Bonds from  
foreign cor-  
porations.

to be approved by the Commissioner, in the penal sum of two thousand dollars for each insurance company, association, firm, or individual for whose account it is proposed to collect premiums of insurance in this State, the conditions of such bonds to be as follows :

1. That the person or firm, agent or officer, named therein, acting on behalf of the company, association, firm, or individual named therein, will pay to the Treasurer of the county, or city and county, in which the principal office of the agency is located, such sum per quarter, quarterly in advance, for a license to transact an insurance business, or such other license as may be imposed by law so long as the agency remains in the hands of the person or firm, officer or agent, named as principal in the bond ;

2. That the person or firm, officer or agent, will pay to the State all stamp or other duties on the gross amount insured by them, in the manner and at the time prescribed by law, inclusive of renewals on existing policies ;

3. That the person, firm, agent, or corporation named therein will conform to all the provisions of the revenue and other laws made to govern them.

same.

SEC. 624. Whenever the same person, firm, officer, or agent desires to collect premiums of insurance for more than one company, association, or individual, not incorporated under the laws of this State, the Commissioner must require a separate bond, as provided in the preceding section, for each company or association so represented by such person, firm, officer, or agent.

Commissioner to furnish Assessor with certain information.

SEC. 625. The Commissioner must, before the commencement of each fiscal year as fixed in the revenue laws, furnish the Assessor of the county in which the principal office of any person or corporation doing business of insurance is situated, all the data concerning premiums collected by and all other necessary information in relation to the business of such per-



son or corporation as will assist the Assessor in the performance of his duties.

SEC. 626. The Commissioner must require from every person, before and after engaging in the business of insurance, a full compliance with all the provisions of Title II, Part IV, Division I, of the Civil Code applicable thereto; and every person neglecting to comply with such requirements is subject to the fines and penalties therein prescribed.

Securities.

SEC. 627. All statements, estimates, percentages, payments, and calculations, required by this Chapter to be made, either by the Commissioner or persons engaged in the business of fire or marine insurance, must be in gold coin of the United States.

Statements to be based on gold coin values.

SEC. 628. The annual salary of the Insurance Commissioner is three thousand dollars.

Salary.

SEC. 629. The annual salary of the Deputy of the Commissioner of Insurance is eighteen hundred dollars.

Salary of Deputy.

SEC. 630. The Commissioner may procure rooms for his office at a rent not to exceed seventy-five dollars per month, and may provide a suitable safe and furniture therefor; he may also provide stationery, fuel, printing, and other conveniences necessary for the transaction of the business of his office. All expenditures authorized in this section must be audited by the Board of Examiners, and paid in the same manner as the salary of the Commissioner.

Contingent Expenses.

SEC. 631. The Commissioner must keep his office in the City of San Francisco.

Location of office.

SEC. 632. The Commissioner must execute an official bond in the sum of ten thousand dollars.

Official bond.

SECTION 1. The Political Code of the State of California is hereby amended by adding thereto an additional section, to be called Section 633, and which shall read as follows:

Licensing  
insurance  
agents.

SEC. 633. No person shall, in this State, act as the agent or solicitor of any life insurance company doing business in this State, until he has produced to the Commissioner, and filed with him, a duplicate power of attorney from the company or its authorized agent, authorizing him to act as such agent or solicitor. Upon filing such power the Commissioner shall issue a license to him to act as such agent or solicitor for such company, if such company has received a certificate of authority from such Commissioner to do business in this State; *provided*, that if such agent or solicitor shall, within the twelve months next preceding, have been in the employ of any other company or its authorized agent, as such agent or solicitor, he must produce to the Commissioner written evidence from such employer that all moneys he may have collected for such company or agent have been paid over to said company or agent. Such license shall continue in force for twelve months from the date thereof, but may be and shall be sooner revoked upon application of the company or its authorized agent. Such license may be renewed from time to time, for an additional period of twelve months, on production by the holder to the Commissioner of a certificate from the company that such person's authority as such agent or solicitor continues. For each such license, or renewal thereof, the Commissioner shall receive the sum of one dollar. The Commissioner shall keep an alphabetical list of the names of persons to whom such license shall be issued, with the date of the license and renewal, and the name of the company for which such person is working. If any person shall fraudulently assume to be an authorized agent or solicitor of any life insurance company, and thus procure or attempt to procure applications, or receive or attempt to obtain money for premiums, he shall be guilty of a misdemeanor. If any person shall, under a false or fictitious name, procure or attempt to procure a license to act as agent or solicitor of any life insurance company, he shall be guilty of a misdemeanor.

Approved March 12th, 1874.

Repealed.  
Rights main-  
tained.

SEC. 116. All provisions of law inconsistent with the provisions of this Act are hereby repealed; but no rights acquired or proceedings taken under the provisions repealed

shall be impaired or in any manner affected by this repeal; and whenever a limitation or period of time prescribed by such repealed provisions for acquiring a right or barring a remedy, or for any other purpose, has begun to run before this Act takes effect, and the same or any other limitation is prescribed by this Act, the time which shall have run when this Act takes effect shall be deemed part of the time prescribed by this Act.

Limitations.

SEC. 117. With relation to the laws passed at the present session of the Legislature, this Act must be construed as though it had been passed on the first day of the present session; and if any of the provisions of this Act contravene or are inconsistent with the provisions of any law passed at the present session of the Legislature, then the provisions of such law must prevail.

Construction of Act.

SEC. 118. This Act shall take effect on the first Monday of July, one thousand eight hundred and seventy-four, except so much thereof as relates to immigration, and the authority and duties of the Commissioner of Immigration, and the enforcement of the duties and penalties therein prescribed, which shall take effect immediately after its enactment.

To take effect

Approved March 30th, 1874.

# PART V.

## TITLE II.

### EFFECT OF THE CODES.

SECTION 4478. Construction of the Codes with relation to the laws passed at the present session.

4479. Laws passed at the present session prevail.

Construction of the Codes with relation to the laws passed at the present session.

SECTION 4478. With relation to the laws passed at the present session of the Legislature, the Political Code, Civil Code, Code of Civil Procedure, and Penal Code, must be construed as though each had been passed on the first day of the present session.

Laws passed at the present session prevail.

SEC. 4479. If the provisions of any law passed at the present session of the Legislature contravene or are inconsistent with the provisions of either of the four Codes, the provisions of such law must prevail.

Approved March 12th, 1872.

AN ACT *in relation to Foreign Corporations.*

[Approved April 1, 1872.]

[Enacting clause.]

SECTION 1. Every corporation heretofore created by the laws of any other State and doing business in this State, shall, within one hundred and twenty days after the passage of this Act, and any corporation hereafter created and doing business in this State, within sixty days from the time of commencing to do business in this State, designate some person residing in the county in which the principal place of business of said corporation in this State is, upon whom process issued by authority of or under any law of this State may be served, and within the time aforesaid shall file such designation in the office of the Secretary of State; and a copy of such designation, duly certified by said officer, shall be evidence of such appointment; and it shall be lawful to serve on such person so designated any process issued aforesaid. Such service shall be made on such person in such a manner as shall be prescribed in case of service required to be made on foreign corporations, and such service shall be deemed to be a valid service thereof.

SEC. 2. Every corporation created by the laws of any other State which shall fail to comply with the provisions of the first section of this statute, shall be denied the benefit of the statutes of this State limiting the time for the commencement of civil actions.

SEC. 3. Every corporation created by the laws of any other State which shall comply with the provisions of the first section of this statute, shall be entitled to the benefit of the statutes of this State limiting the time for the commencement of civil actions.

AN ACT to Regulate the Forfeiture of Policies of Life Insurance.

[Approved February 2, 1872.]

Non-forfeiture of life policy insured by home companies.

SECTION 1. No policy of insurance on life hereafter issued by any company incorporated under the laws of this State, shall be forfeited or become void by the non-payment of premiums thereon, any further than regards the right of the party insured therein to have it continued in force beyond a certain period, to be determined as follows, to wit: The net value of the policy when the premium becomes due, and is not paid, shall be ascertained according to the American Experience Life Table rate of mortality, with interest at four and a half per centum per annum, or the same interest which has been assumed in finding the net value of the policy. After deducting from such net value any indebtedness to the company or notes held by the company against the insured, which notes, if given for premium, shall then be cancelled, four fifths of what remains shall be considered as a net single premium of temporary insurance, and the term for which it will insure shall be determined according to the age of the party at the time of the lapse of premium and the assumption of mortality and interest aforesaid.

Net value, how ascertained.

Considered premium for temporary insurance.

Policy must be paid if death occur within term of temporary insurance.

SEC. 2. If the death of the party occur within the term of temporary insurance covered by the value of the policy, as determined in the previous section, and if no condition of the insurance other than the payment of the premium shall have been violated by the insured, the company shall be bound to pay the amount of the policy in the same as if there had been no lapse of premium, anything in the policy to the contrary notwithstanding; *provided*, however, that notice of the

claim and proofs of death shall be submitted to the company within six months of the decease ; and *provided* also, that the company shall have the right to deduct from the amount insured in the policy, the amount, at ten per centum per annum, of the premium that has been foreborne at the time of the death.

SEC. 3. This Act shall take effect immediately.

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AN ACT to amend an Act entitled an Act to provide for Official Valuation of Life Insurance Policies, approved April fourth, one thousand eight hundred and seventy.

[Approved February 13, 1872.]

*The People of the State of California, represented in Senate and Assembly, do enact as follows :*

1. Valuation of policies.  
Interest.  
Actuary.
2. Insurance Commissioner.

SECTION 1. Section one of said Act is hereby amended so as to read as follows :

SEC. 1. Every life insurance company organized under the laws of this State shall, on or before the first Monday in January of each year, furnish the Insurance Commissioner the data necessary for determining the valuation of all its policies outstanding on the thirty-first day of December next preceding, which said valuation shall be based upon the rate of mortality as established by the American Experience Tables of Mortality. The rate of interest to be assumed shall be at the option of the company ;

Valuation of policies.

Interest.

Actuary.

*provided*, that the same shall not be less than four and one half per cent. per annum, nor more than six per cent. per annum; and *provided* further, that the right or privilege of such option shall be contingent upon the fact that all the assets invested of such company are invested within this State, or in bonds of the United States. If any investment of the assets of any company is in bonds of any other State, or in property without this State, the valuation shall then and in such case be based on the above mentioned tables of mortality, and the rate of interest to be assumed shall be four and one half per cent. per annum. For the purpose of making the valuation aforesaid, the Insurance Commissioner of this State is authorized to employ a competent Actuary, whose compensation for such valuation shall be three cents for each thousand dollars of insurance, to be paid by the respective companies for which the valuation is made.

SEC. 2. Section two of said Act is hereby amended so as to read as follows :

Insurance  
Commis-  
sioner.

Section 2. When the certificate of the Insurance Commissioner of this State of the official valuation of the policies, as provided in section one of this Act, issued to any company organized under the laws of this State, shall not be accepted by any other State in lieu of a valuation of the same by the insurance officer of such other State, then all companies organized under the laws of such other State doing business in this State shall be required to have a separate valuation made, under the authority of the Insurance Commissioner of this State, to be based upon the rate of mortality as established by the American Experience Tables of mortality, and the rate of interest to be assumed shall be four and one half per cent. per annum.

SEC. 3. This Act shall take effect immediately.



STATUTES RELATIVE TO AND ORDINANCES  
OF SAN FRANCISCO.

[Approved March 30, 1872.]

SECTION 1. If any person or persons, whether as principal or principals, agent or agents, clerk or clerks, employé or employés, or any firm or member of any corporation, shall be engaged in carrying on, pursuing or transacting, within the limits of the city and county of San Francisco, any business, trade or profession, occupation or employment, which now is or shall hereafter be by law required to be licensed, without having first obtained and procured the license therefor so required by the laws of this State, or by the lawful orders of the Board of Supervisors of said city and county, or shall, after five days' notice in writing, refuse, neglect, omit, or fail to comply with any requirement or requirements, provision or provisions, of the laws of this State or orders of the said Board of Supervisors requiring such person or persons, firm or corporation, to procure a license, he, she, or they, or either of them, as the case may be, shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be punished by a fine of not less than one hundred dollars, or by imprisonment for a period not exceeding thirty days, in case the fine is not paid.

Penalty for transacting business without a license.

SEC. 2. The Collector of Licenses, Chief Deputy Collector of Licenses, and Assistant Deputy Collectors of Licenses of said city and county, are hereby authorized, empowered, and required to collect all State and county licenses provided for and required by law to be collected within the limits of said city and county, in addition to the municipal licenses now required to be collected or which shall hereafter be required to be collected by them or either of them; and it shall be the duty of said Collector of Licenses, Deputy Collector of Licenses, and Assistant Collectors of Licenses, to attend to the collection of licenses, and examine all places of business and persons liable to pay licenses, and to see that

Powers and duties of License Collector.

licenses are taken out and paid for. They shall each have and exercise, in the performance of their official duties, the same powers as police officers in serving process or summons and in making arrests; also, shall each have and exercise the power to administer such oaths and affirmations as shall be necessary in the discharge and exercise of their official duties; and they and each of them are hereby empowered to enter any place of business for which a license by law is provided and required, free of charge, at their pleasure, and to demand the exhibition of any license for the current time, from any person, or firm, or corporation, engaged or employed in the transaction of any business for which a license is by law rendered necessary; and if such person, or firm, or corporation, or either of them, shall be unable, or refuse, or neglect, or fail to then and there exhibit such license, he, she, or they, as the case may be, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished as provided by section one of this Act for the punishment upon conviction of a misdemeanor.

## Ordinances.

SEC. 3. The Board of Supervisors of the city and county of San Francisco shall have power, by ordinance, to license and regulate all such callings, trades, and employments as the public good may require to be licensed and regulated, and as are not prohibited by law, and shall have power to make all needful rules and regulations to govern the official conduct and duties of the Collector of Licenses, Deputy Collector of Licenses, and the Assistant Collectors of Licenses, who shall each hold office during the pleasure of the power appointing them, (and who shall pursue no other calling or business) and to alter and amend the same from time to time in such manner as they may deem proper and for the public good, and to fix the amounts of the bonds to be required from the Collector of Licenses and Deputy Collector of Licenses and Assistant Collectors of Licenses. \* \* \* \* \*

SEC. 7. This Act shall take effect and be in force on and after the twentieth day subsequent to its passage.

ORDINANCE OF THE CITY AND COUNTY OF  
SAN FRANCISCO.

ORDER No. 1048.

SECTION 1. Each person or firm who shall be engaged in the business of insurance, in this city and county, as agent or agents of or for any insurance company, whether fire, marine, life, or accidental, are hereby divided into four classes, and shall pay for each and every such company so represented by him or them as agent or agents, a license as follows:

Agent to pay license for each company he represents.

First. Those doing business to the amount of fifty thousand (\$50,000) dollars and over per quarter constitute the First Class, and must pay a license of one hundred (\$100) dollars per quarter.

Business of \$50,000, quarterly license of \$100.

Second. Those doing business to the amount of twenty-five thousand (\$25,000) dollars, and less than fifty thousand (\$50,000) dollars per quarter constitute the Second Class, and must pay a license of seventy-five (\$75) dollars per quarter.

Business of \$25,000, license of \$75.

Third. Those doing business to the amount of ten thousand (\$10,000) dollars, and less than twenty-five thousand (\$25,000) dollars, per quarter, constitute the Third Class, and must pay a license of fifty (\$50) dollars per quarter.

Business of \$10,000, license of \$50.

Fourth. Those doing business in any amount less than ten thousand (\$10,000) dollars per quarter, constitute the Fourth Class, and must pay a license of twenty-five (\$25) dollars per quarter.

Business of less than \$10,000, license of \$25.

SEC. 2. Each person or firm liable to procure a license under the preceding section, shall, during the last ten days in the month of June, 1872, and during the first ten days of the last month of each quarter thereafter, render at the office of the Collector of Licenses a sworn statement of the amount of business done during the prior two months, and for the purpose of ascertaining the rate of license, the monthly

Agent must render statement.

average for the prior two months, and thereafter for the preceding first two months of each quarter, shall constitute the monthly average for the whole quarter.

Not to apply  
to sub-agents

SEC. 3. This Order shall not apply to sub-agents of companies or firms whose principal agent shall have complied with these provisions.

Duties of  
Auditor and  
License Col-  
lector.

SEC. 4. It shall be the duty of the Auditor to procure and issue to the License Collector the aforesaid licenses, and it is hereby made the duty of the Collector of Licenses and Deputy Collectors of Licenses to attend to the collection of said license, and the further duties of said Auditor and License Collector are hereby declared to be such as are required by the provisions of Sections 27, 28, and 29 of Chapter VIII of Order No. 697.

Penalty for  
doing busi-  
ness without  
license.

SEC. 5. Any person who shall carry on any branch of business as designated without the license provided for in this Order, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not less than five dollars nor more than five hundred dollars, or by imprisonment in the County Jail not less than two days nor more than six months.

License how  
designated.

SEC. 6. All licenses issued under the provisions of this Order shall be designated and known as "Insurance Licenses," and all Orders or parts of Orders conflicting with any of the provisions of this Order are hereby repealed.

SEC. 7. This Order shall take effect and be in force from and after July 1, 1872.

JNO. A. RUSSELL, Clerk.

Approved, San Francisco, June 18, 1872.

WILLIAM ALVORD, Mayor,  
And ex-officio President Board of Supervisors.

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